

## § 370.20

your financial institution or deposit account to which payments are to be made. We do not need to verify this information. We are not liable for any action we may take in reliance on the information furnished.

(b) Our liability does not extend beyond the amount of the payment due.

(c) When you name a financial institution to receive payments on your behalf, you are appointing that institution as your agent for the receipt of payments. When a credit entry is made to your financial institution for deposit to your account following your instructions, we no longer have any further responsibility for that payment. Where your financial institution has arranged with the Federal Reserve Bank to have payments made through another financial institution, the crediting of your payment to that institution relieves us of any further responsibility for that payment.

### Subpart C—Debit Entries

#### § 370.20 What requirements apply if I want to authorize a debit entry to my deposit account?

(a) *General.* You may pay for a security and related fees by authorizing us to initiate one or more debit entries to your deposit account. For a purchase of a book-entry security to be held in an investor account maintained by us, you must be named on the investor account. The authorization must be accomplished only through forms or means approved by us.

(b) *Single-entry and recurring debit entries.* You only may authorize single-entry debits for purchases of book-entry securities held in *TreasuryDirect*. You only may authorize recurring debit entries for purchases of definitive savings bonds.

(c) *Credit entries to be made to same deposit account.* To the extent that payments by us with respect to a security are to be made through credit entries, you must receive debit and credit entries in the same deposit account.

(d) *Signature.* The authorization must have your signature and that of any other person whose signature is required to withdraw funds from the deposit account. We need not verify your

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identity or the authenticity of your signature.

#### § 370.21 Are there any requirements related to a prenotification entry?

(a) *Use of prenotification in our discretion.* In our discretion, we may initiate a prenotification entry to a financial institution prior to sending a debit entry. A prenotification is a zero-dollar ACH entry that can help us determine whether there might be problems with sending a subsequent debit entry.

(b) *Requirements placed upon financial institution that receives a prenotification.* If sent, a financial institution must respond to a prenotification within the time frame for such responses as established by the National Automated Clearing House Association. If the receiving financial institution does not respond to the prenotification message within the specified time period, we may interpret the nonresponsiveness as the financial institution's agreement to this subpart. Furthermore, a financial institution warrants by its nonresponsiveness that the deposit account number and the type of account contained in the prenotification entry message was accurate as of the moment the financial institution received it.

#### § 370.22 What requirements apply to a financial institution that debits a deposit account?

A financial institution that debits a deposit account upon receiving a debit initiated by us agrees to the provisions of this subpart. A financial institution that does so also warrants that it has the authority to receive debit entries.

#### § 370.23 What other requirements apply to a financial institution?

The financial institution warrants that it will comply with all requirements imposed upon Receiving Depository Financial Institutions under the Operating Rules of the National Automated Clearing House Association, as modified by these regulations and other law.